

UNCLAIMED DEPOSITS POLICY

<u>APPROVED/REVIEWED</u>	<u>COUNCIL MEETING DATE</u>
Approved	31 May 2017

TABLE OF CONTENTS

	Page
1. DEFINITIONS.....	2
2. INTRODUCTION	2
3. OBJECTIVES OF THE POLICY.....	3
4. LEGISLATIVE FRAMEWORK.....	3
5. IDENTIFICATION OF UNCLAIMED DEPOSITS.....	3
6. REGISTER OF UNCLAIMED DEPOSITS.....	4
7. UNCLAIMED DEPOSITS TO BE PAID AS PUBLIC REVENUE.....	4
8. REVIEW.....	5
9. SHORT TITLE.....	5

1. DEFINITIONS

"*Council*" means a municipal Council established in section 18 of the Municipal Structures Act and referred to in section 157(1) of the Constitution.

"*creditor*" means a person to whom money is owed to by the municipality.

"*customer*" means any person comprising:

- (a) resident of the municipality;
- (b) ratepayer of the municipality;
- (c) any civic organization involved in the municipality; and/or
- (d) any visitor or other people who make use of services or facilities provided by the municipality.

"*primary bank account*" means a bank account referred to in section 8(1) of the Municipal Finance Management Act.

"*register*" means the official register kept to receipt all unclaimed deposits.

"*municipality*" means the **Drakenstein Municipality** established in terms of section 155 of the Constitution.

2. INTRODUCTION

Revenue management involves all the procedures necessary to ensure that the income of the municipality is properly planned and fully accounted for, and that cash once received is safeguarded and banked promptly.

In terms of Section 64 (2) (e) (Revenue Management) of the Municipal Finance Management Act, Act 56 of 2003; "the municipality has and maintains a management, accounting and information system which-

- (i) recognises revenue when it is earned;
- (ii) accounts for debtors; and
- (iii) accounts for receipts of revenue;"

Unclaimed monies is a challenge faced by the municipality where monies are deposited into the municipal primary bank account which cannot be identified nor are claimed by any consumer or creditor of the municipality.

Monies are unclaimed for various reasons and commonly arise amongst other things from the following:

- Monies deposited into the municipal primary bank account without any reference or documentary proof.
- Amounts/deposits payable to consumers or creditors which were either not claimed or banked.
- Creditors/consumers are unaware of their legal right to the monies.
- Deposits cannot be identified and allocated to an account or vote.
- Deposits paid for utilisation of facilities not claimed by customer.

3. OBJECTIVES OF THE POLICY

The objectives of the policy are to:

- 3.1 To provide a framework on how to deal with unknown or unclaimed deposits in the municipal bank account.
- 3.2 To reduce the liability of the municipality.
- 3.3 To provide guidelines to identify unidentified deposits in the municipal bank account.

4. LEGISLATIVE FRAMEWORK

Local Government Municipal Finance Act, 56 of 2003.

5. IDENTIFICATION OF UNCLAIMED DEPOSITS

- 5.1 An unclaimed direct deposit is any amount of money legally paid into the municipal primary bank account without any traceable reference or documentary proof on how the deposits should be allocated and that remains unclaimed for a period of three (3) months.
- 5.2 Unclaimed deposits are any specified amounts of money legally payable to a creditor and that have not been claimed or banked within a period of three (3) months.

5.3 An unclaimed deposit is any amount of money legally paid by a customer as security for municipal services for the use of facilities which have not been claimed within a period of three (3) months.

6. REGISTER OF UNCLAIMED DEPOSITS

6.1 After all processes to identify the unallocated deposits have been exhausted and the period as mentioned in section 5 of this policy has expired all unclaimed and/or unallocated deposits will be receipted in a register kept by the municipality.

6.2 The register will be maintained and updated regularly and be kept for a period of three (3) years.

6.3 After the unclaimed and/or unallocated deposits have been deposited in the register the rightful owner thereof can claim the deposits within a period of three (3) years from date the deposits were deposited or become unclaimed subject to documentary proof being provided by the claimant of the deposits.

6.4 The value of unclaimed deposits and/or unallocated direct deposits will be recognized as a liability in the financial statements of the municipality.

7. UNCLAIMED DEPOSITS TO BE PAID AS PUBLIC REVENUE

Should unclaimed deposits not be claimed within the period of three (3) years the deposits will be written off from the register and be receipted as revenue in that financial year.

8. REVIEW

This policy will be reviewed annually to ensure that it complies with changes in applicable legislation and the operating requirements of the municipality.

9. SHORT TITLE

This policy shall be called the Unclaimed Deposits Policy of the Drakenstein Municipality.